

SENATE, No. 833

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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District 38 (Bergen and Passaic)

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SYNOPSIS

Allows municipalities to establish loan programs to fund replacement of lead service lines.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** allowing municipalities to establish loan programs to fund
2 the replacement of lead service lines, supplementing P.L.1991,
3 c.456 (C.58:12A-22.2 et al.), and amending N.J.S.40A:2-22.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. (New section) a. Any municipality may by ordinance
9 establish a program to provide loans to eligible property owners for
10 the replacement of lead service lines with lead-free service lines.

11 b. An ordinance adopted pursuant to subsection a. of this
12 section shall:

13 (1) require an application for a loan be made on forms
14 prescribed by the municipality, and be accompanied with a
15 certification of lead contamination from the water supply system, a
16 contractor certified by the Department of Environmental Protection,
17 or from a municipal or regional health agency certified pursuant to
18 section 15 of P.L.1977, c.443 (C.26:3A2-33);

19 (2) provide that a loan be for a term equal to the period of time
20 required for the replacement of all lead service lines of the water
21 supply system within the municipality, but at least three years,
22 unless the loan recipient requests a shorter loan term;

23 (3) allow a loan recipient to repay the loan in installments on
24 their monthly water bills;

25 (4) provide that a loan have an interest rate of zero for the first
26 three years of the loan, and thereafter an interest rate sufficient to
27 cover program costs, including the costs of any bonds issued
28 pursuant to subsection c. of this section; and

29 (5) comply with the rules and regulations adopted pursuant to
30 subsection d. of this section.

31 c. A municipality may issue bonds to finance a program
32 established under an ordinance adopted pursuant to subsection a. of
33 this section in accordance with the provisions of paragraph 5. of
34 subsection f. of N.J.S.40A:2-22.

35 d. On or before the first day of the thirteenth month next
36 following the effective date of P.L. , c. (C.) (pending
37 before the Legislature as this bill), the Department of
38 Environmental Protection, in consultation with the Departments of
39 Community Affairs and the Treasury, and the Board of Public
40 Utilities, shall adopt rules and regulations, pursuant to the
41 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
42 1 et seq.), to effectuate the provisions of this section.

43 e. As used in this section, "eligible property owner" means an
44 owner of a one- or two-family residential property located within
45 the municipality, which owner meets creditworthiness standards

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 established by the municipality, and which property has: (1) a
2 source of potable water that violates a standard for lead established
3 by the Department of Environmental Protection pursuant to section
4 4 of P.L.1991, c.456 (C.58:12A-22.4); and (2) a water service line
5 connecting a water system to the property that is constructed with
6 lead.

7
8 2. N.J.S.40A:2-22 is amended to read as follows:

9 40A:2-22. The governing body of the local unit shall determine
10 the period of usefulness of any purpose according to its reasonable
11 life computed from the date of the bonds, which period shall not be
12 greater than the following:

13 a. Buildings and structures.

14 1. Bridges, including retaining walls and approaches, or
15 permanent structures of brick, stone, concrete or metal, or similar
16 durable construction, 30 years.

17 2. Buildings, including the original furnishings and equipment
18 therefor:

19 Class A: A building, of which all walls, floors, partitions, stairs
20 and roof are wholly of incombustible material, except the window
21 frames, doors, top flooring and wooden handrails on the stairs, 40
22 years;

23 Class B: A building, the outer walls of which are wholly of
24 incombustible material, except the window frames and doors, 30
25 years;

26 Class C: A building which does not meet the requirements of
27 Class A or Class B, 20 years.

28 3. Buildings or structures acquired substantially reconstructed
29 or additions thereto, one-half the period fixed in this subsection for
30 such buildings or structures.

31 4. Additional furnishings, five years.

32 b. Marine improvements.

33 1. Harbor improvements, docks or marine terminals, 40 years.

34 2. Dikes, bulkheads, jetties or similar devices of stone,
35 concrete or metal, 15 years; of wood or partly of wood, 10 years.

36 c. Additional equipment and machinery.

37 1. Additional or replacement equipment and machinery, 15
38 years.

39 2. Voting machines, 15 years.

40 3. Information technology and telecommunications equipment,
41 7 years, except that for items with a unit cost of less than \$5,000, 5
42 years.

43 d. Real property.

44 1. Acquisition for any public purpose of lands or riparian
45 rights, or both, and the original dredging, grading, draining or
46 planting thereof, 40 years.

47 2. Improvement of airport, cemetery, golf course, park,
48 playground, 15 years.

1 3. Stadia of concrete or other incombustible materials, 20
2 years.
3 e. Streets or thoroughfares.
4 1. Elimination of grade crossings, 35 years.
5 2. Streets or roads:
6 Class A: Rigid pavement. A pavement of not less than eight
7 inches of cement concrete or a six-inch cement concrete base with
8 not less than three-inch bituminous concrete surface course, or
9 equivalent wearing surface, 20 years.
10 Flexible pavement. A pavement not less than 10 inches in depth
11 consisting of five-inch macadam base, three-inch modified
12 penetration macadam and three-inch bituminous concrete surface
13 course or other pavements of equivalent strength, in accordance
14 with the findings of the American Association of State Highway
15 Officials (AASHO) Road Test, 20 years.
16 Class B: Mixed surface-treated road. An eight-inch surface of
17 gravel, stone or other selected material under partial control mixed
18 with cement or lime and fly ash, six inches in compacted thickness
19 with bituminous surface treatment and cover, 10 years.
20 Bituminous penetration road. A five-inch gravel or stone base
21 course and a three-inch course bound with a bituminous or
22 equivalent binder, 10 years.
23 Class C: Mixed bituminous road. An eight-inch surface of
24 gravel, stone, or other selected material under partial control mixed
25 with bituminous material one inch or more in compacted thickness,
26 five years.
27 Penetration macadam road. A road of sand, gravel or water-
28 bound macadam, or surfacing with penetration macadam, five years.
29 3. Sidewalks, curbs and gutters of stone, concrete or brick, 10
30 years.
31 The period of usefulness in this subsection shall apply to
32 construction and reconstruction of streets and thoroughfares.
33 f. Utilities and municipal systems.
34 1. Sewerage system, whether sanitary or storm water, water
35 supply or distribution system, 40 years.
36 2. Electric light, power or gas systems, garbage, refuse or ashes
37 incinerator or disposal plant, 25 years.
38 3. Communication and signal systems, 10 years.
39 4. House connections to publicly-owned gas, water or sewerage
40 systems from the service main in the street to the curb or property
41 lines where not part of original installation, five years.
42 5. House connections to publicly-owned water systems, from
43 the distribution main onto privately-owned real property and into
44 the privately-owned structure, for the purpose of replacing lead-
45 contaminated house connections, so long as the project is
46 undertaken through a loan program established by a municipality
47 pursuant to section 1 of P.L. , c. (C.) (pending before the
48 Legislature as this bill), or is (a) undertaken as an environmental

1 infrastructure project, as defined under section 3 of P.L.1985, c.334
2 (C.58:11B-3), and (b) funded either by loans from the New Jersey
3 Infrastructure Bank, created pursuant to section 4 of P.L.1985,
4 c.334 (C.58:11B-4), or by loans issued through the Department of
5 Environmental Protection, 30 years.

6 g. Vehicles and apparatus.

7 1. Fire engines, apparatus and equipment, when purchased
8 new, but not fire equipment purchased separately, 10 years.

9 2. Automotive vehicles, including original apparatus and
10 equipment (other than passenger cars and station wagons), when
11 purchased new, five years.

12 3. Major repairs, reconditioning or overhaul of fire engines and
13 apparatus, ambulances, rescue vehicles, and similar public safety
14 vehicles (other than passenger cars and station wagons) which may
15 reasonably be expected to extend for at least five years the period of
16 usefulness thereof, five years.

17 h. The closure of a sanitary landfill facility utilized, owned or
18 operated by a county or municipality, 15 years; provided that the
19 closure has been approved by the Board of Public Utilities and the
20 Department of Environmental Protection. For the purposes of this
21 subsection "closure" means all activities associated with the design,
22 purchase or construction of all measures required by the
23 Department of Environmental Protection, pursuant to law, in order
24 to prevent, minimize or monitor pollution or health hazards
25 resulting from sanitary landfill facilities subsequent to the
26 termination of operations at any portion thereof, including, but not
27 necessarily limited to, the costs of the placement of earthen or
28 vegetative cover, and the installation of methane gas vents or
29 monitors and leachate monitoring wells or collection systems at the
30 site of any sanitary landfill facility.

31 i. (Deleted by amendment, P.L.2007, c.62.)

32 j. The prefunding of a claims account for environmental
33 liability claims by an environmental impairment liability insurance
34 pool pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.
35 (cf: P.L.2018, c.114, s.4)

36
37 3. This act shall take effect immediately.
38
39

40 STATEMENT

41
42 This bill would allow municipalities to establish loan programs
43 to help homeowners replace lead service lines. The bill would
44 apply to every municipality in the State, including those that own
45 their own water supply system or that are serviced by a private or
46 other public system. This bill would help homeowners abate the
47 health hazards presented by lead service lines.

1 Loans under a municipal program would be available to owners
2 of one- and two-family residential properties with a source of
3 potable water that violates lead standards and a water service line
4 that is constructed with lead. The owners would have to meet
5 creditworthiness standards established by the municipality.

6 Loans would have a term equal to the period of time required for
7 the replacement of all lead service lines of the water supply system
8 within the municipality, but would have to have be for at least three
9 years unless the loan recipient requests a shorter loan term. Loans
10 may be repaid in installments on the monthly water bills of loan
11 recipients. The loans would be interest-free for the first three years.

12 The bill would also permit municipalities to issue 30-year bonds
13 to fund the loan program.

14 The bill requires the Department of Environmental Protection, in
15 consultation with the Departments of Community Affairs and the
16 Treasury, and the Board of Public Utilities, to adopt rules and
17 regulations to effectuate the provisions of the bill by the first day of
18 the sixth month next following its effective date. A municipal loan
19 program would have to comply with these rules and regulations.